[Rao Bahadur A. Rêñgaswami Aiyar].

		Rs.
Drainage Works, Trivandrum	...	31 Lakhs.
Water Supply Schemes to the Municipal Towns of Alleppey, Shencottah and Nagercoil	...	11 ,,
Pallivasal Hydro-Electric Scheme	...	20 ,,
Loans to Cochin Harbour for the fourth stage works	...	8 ,,
Total	...	70 ,,

Out of the expenditure incurred on the above schemes, a sum of about Rs 53 lakhs will be repaid by equated instalments (Rs 15 lakhs by the Mofussil Municipalities and Rs. 38 lakhs by the Cochin Harbour authorities). Out of the loans for the Cochin Harbour, about Rs 6 2/3 lakhs advanced for the purchase of the Dredger is expected to be repaid in 20 equal annual instalments with interest at the rate of 4 per cent. The remainder will be free of interest for the first ten years and thereafter will be repaid in 30 equated annual instalments with interest at 5 per cent. per annum. Government have, however, to arrange for the necessary funds in the first instance for the above.

GENERAL REVENUE POSITION.

61. During the years 1109, 1110 and 1111, the accounts showed a deficit of Rs. 5·77 lakhs, Rs. 4·45 lakhs and Rs. 4·06 lakhs respectively. As stated already, we are anticipating a revenue surplus of Rs. 11·52 lakhs and Rs. 2·60 lakhs for 1112 and 1113 respectively. We may hope that the depression is lifting definitely and that the corner has been turned. Still, expenditure in a progressive State like ours is bound to increase in various directions. It is therefore absolutely essential that we should build up a substantial revenue reserve fund to provide for special and capital expenditure, to meet unforeseen fall of revenue, and to maintain the stability and solvency of our finances on an un-assailable basis. In para 44 of my last budget speech, I stated that we should aim at setting apart annually about Rs. 5 lakhs at least for the purpose. I propose accordingly to make a start in the accounts of the current year and to open a Revenue Reserve Fund with a credit of Rs. 10 lakhs taken out of the anticipated surplus for the current year. It is, however, necessary that we should not relax our vigilance in regard to the control of expenditure or our efforts for securing economies, as far as possible.

WAYS AND MEANS.

62. From para 47 of my last budget speech, it will be seen that it was then contemplated to withdrw Rs 27·40 lakhs from our surplus investments to finance the current year's estimated capital expenditure

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on productive and non-productive schemes. But, as the progress of the expenditure on these schemes did not come up to the anticipated level, it was possible not only to finance the schemes with the loan raised at the close of last year, but also to invest Rs 20·36 lakhs in short term deposits. Our cash balances in Treasuries and Bank are expected to amount to Rs 70·59 lakhs at the close of the current year.

With a view to finance the estimated programme of capital and industrial schemes amounting to Rs. 98·48 lakhs and to maintain adequate cash balances in Treasuries and the Bank, it is proposed to withdraw Rs 20·36 lakhs next year from our surplus investments in addition to the fixed deposit of Rs. 20·36 lakhs in Bank invested in the current year. The surplus investments are therefore estimated to be reduced from Rs 251·03 lakhs at the beginning of the next year to Rs 230·67 lakhs at its close. The total booked assets inclusive of the outlay on productive schemes at the close of the next year are estimated to amount to Rs. 509·02 lakhs and our liabilities to Rs 393·40 lakhs. Our cash balance at the close of the ensuing year is expected to stand at Rs 49·13 lakhs which represents the minimum working balance required.

CONCLUSION.

63. I shall now conclude. I have, to the best of my knowledge and belief, presented a true and accurate picture of the financial operations of the State. Briefly stated, we hope to close the accounts of the next year with a surplus and without any additional taxation, and to finance all our heavy capital and industrial schemes to the end of the next year without any further loan.

The future is full of promise. The Pallivasal Hydro-Electric Scheme which will be one of our greatest revenue producing assets, may be expected to fructify fully in a few years and to yield a return of about Rs. 8 to 10 lakhs annually. The campaign against smuggling in the Northern Frontiers which we have started this year, if persistently pursued, may bring in an annual increase of about Rs 5 to 10 lakhs. The survey of minor circuits which will be commenced in earnest shortly, will result in a substantial increase of annual revenue besides bringing in considerable capital receipts. We hope to get a substantial income from our Clay Refining Factory and the new Transport Service. We may hope for a distinct improvement in our trade and industries which would result in a substantial betterment in the condition of our people and in an increase of our income-tax, excise and customs revenue, and in our receipts from the Cochin Harbour. The prospect of Federation does not appear to be very distant, and when it comes, we may hope that it would bring some relief to our finances. Without entertaining extravagant anticipations, we may reasonably look forward to an era of prosperity. The financial condition of our State is absolutely stable and sound.

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